

32. Finally, Dr. Selwyn asserts [at ¶ 12] that the maps provided by Verizon confirm “how few buildings actually have any CLEC presence in the areas at issue.” On the contrary, the economically relevant question is the ability of CLECs to provide facilities-based high-capacity services to the buildings that generate telecommunications traffic and revenue. In its TRRO decision, the FCC recognized that the demand for high-capacity services is highly concentrated and that facilities-based deployment of DS3-level services to buildings with sufficient demand would likely be economic for competitors that were not currently serving such a building.²²

33. Thus, Dr. Selwyn’s assertion that many buildings have no CLEC presence tells us nothing about competition for enterprise customers where those enterprise customers are located. What determines the extent of competition in these markets is not the proportion of all buildings having a CLEC presence but the capacity that competitors can use economically in the MSA to provide high capacity services to customers. Essentially what the FCC determined was that in high-volume wire centers, buildings that generate approximately a DS-3 level of traffic can be served economically on a facilities-basis by extending fiber facilities or by using tariffed ILEC special access services.

34. The fact that many buildings generate insufficient traffic to warrant the presence of multiple facilities-based carriers does not signal a failure of the competitive process that must be mitigated by regulation. Prices for telecommunications services are determined at the margin. Just as POTS customers benefit from the competition for high-volume residential customers, enterprise customers in isolated buildings benefit from the presence and diffusion of competing fiber networks supporting the undisputed competition for customers at high-volume locations

²² In the Matter of Unbundled Access to Network Elements Review of the Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers, WC Docket No. 04-313, CC Docket No. 01-338, **Order on Remand**, Released February 4, 2005, ¶174 “(observing that demand for high-capacity services are highly concentrated in wire centers in the largest metropolitan areas and, within those wire center serving areas, demand is further concentrated in large office buildings and business parks. and that competitor with fiber networks target the buildings where demand is concentrated): Verizon Reply at 71 (stating that because “special access demand as a whole, as well as the specific demand for DSIs and DS3s, is highly concentrated, customers will largely be in the same areas where competing carriers have already deployed facilities”): Verizon June 24, 2004 **En Parte** Letter, Attach. at 4 and **Enh.** 5 (providing maps of special access demand and competitive fiber deployment that “show the strong correlation between the presence of competitive fiber and the offices in which demand is concentrated”);

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IV. E911 Data is Reliable for Assessing Local Competition

35. The E911 database contains subscriber listings used to provide emergency services to subscribers. Listings in the database are entered by the carrier that provides local switching to the subscriber, and the information record identifies, among other things, the name of that carrier, the location of the subscriber, the associated ILEC wire center, and whether the listing is for a residence or a business subscriber. Obviously, carriers have every incentive to maintain these records accurately because public safety is at issue, and no one disputes the inherent accuracy of the database in the use for which it is compiled.

36. Two aspects of E911 data as measures of competitive activity have been criticized in this case by Dr. Selwyn and Mr. Gillan. Both claim that for business customers, E911 listings overstate the number of business access lines, citing the case of a DS1 serving a PBX having more than 24 stations behind it. And for residential customers, Mr. Gillan asserts that E911 databases contain residential listings for carriers that claim not to provide retail residential service. Neither of these claims is justified.

A. E911 data accurately measure competitive activity for business customers

37. Two issues arise when E911 business listings are used as a competitive indicator: the relationship between the number of E911 business listings and, generally as measured in the FCC's Local Competition Report, (i) the number of voice-grade-equivalent business access lines, or (ii) the extent of competition for business customers. Dr. Selwyn adroitly confuses these two questions. First, he states correctly that

E911 listings are associated with telephone numbers, not with access lines. While there is generally a one-for-one correspondence between telephone numbers and access lines for residential customers, that is not the case for most mid-size and large businesses. [¶¶ 32-33]

But second, he cites a PBX example and concludes that business E911 listings "so grossly exaggerate the actual extent of competitive penetration as to render them useless."²³ While the PBX example is a circumstance where the number of E911 business listings may (or may not)

²³ ¶ 33 (emphasis supplied). Without evidence, he also claims that CLECs "may not" delete numbers in a timely fashion so that E911 databases "may" include discontinued numbers.

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exceed the number of voice-grade-equivalent business access lines, access lines are not the only measure of “competitive penetration” for mid-sized and large business customers. Consider two business customers. An ILEC serves the first, which has 24 employees served by 24 voice-grade Centrex access lines. A CLEC serves the other, which, using Dr. Selwyn’s example, has 300 employees served by a DS-1 and a PBX. In Dr. Selwyn’s view, the ILEC and CLEC would have equal “competitive penetration” in this circumstance, despite the fact that the volume of calling from the 300 CLEC customers would be roughly an order of magnitude higher than that from the 24 ILEC customers. For business customers, the number of voice-grade-equivalent lines, E911 listings and phone numbers in an MSA need not be the same, and levels and changes in any of these measures can be useful in assessing the competitive alternatives facing business customers in that MSA.

1. Listings and lines

38. Because neither E911 listings nor voice-grade-equivalent access lines is a perfect indicator of competition for business customers, it is useful to understand the relationship between the measures. In the Declarations supporting the Verizon Forbearance Petitions, most citations of business E911 listings are carefully confined to numbers of *listings*; it is only in one paragraph in each Declaration that E911 listings are compared with access lines in estimating the competitors’ share of switched access lines. And that comparison is preceded by an explanation that business listings do not “necessarily correlate one-to-one” with customer access lines.²⁴

39. *A priori*, it is not clear whether business E911 listings overcount or undercount voice-grade-equivalent access lines. Obvious examples of undercounting include the treatment of data services and PBXs. As Verizon observes, “competitors do not typically obtain E911 listings for lines that are used to provide data services”²⁵ so that listings would severely undercount voice-grade-equivalent access lines for mid-sized and large business customers with heavy high-speed data requirements. Even in the PBX example cited by Dr. Selwyn and Mr. Gillan, a carrier may choose to list a business customer served by a DSI with 300 customers behind a PBX as a single

²⁴ See ¶¶ (41,47,43,37,39,38) in the Lew/Verses/Garzillo Declarations for Boston, New York, Philadelphia, Pittsburgh, Providence and Virginia Beach MSAs, respectively.

²⁵ See Lew/Verses/Garzillo Declaration for Boston, ¶ 41

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listing (instead of 24 or 300 listings), compared with 24 voice-grade-equivalent lines for the DS1. In addition to the PBX example cited by Dr. Selwyn and Mr. Gillan, overcounting (compared with the FCC's Local Competition Report) could occur if a CLEC elected *not* to report business VoIP voice services on Form 477 but chose to list them in the E911 database.

2. Measuring competitive activity

40. While the *level* of business E911 listings may differ from the level of voice-grade-equivalent access lines, we can nonetheless learn about competition from both that level and, more obviously, from the *change* in business E911 listings over time. With respect to levels, the examples above indicate that for multi-line, business customers, voice-grade-equivalent access lines (particularly as measured in FCC Form 477) can be a poor measure of competitive activity compared with E911 listings.

41. On the other hand, the *change* in business E911 listings is an unambiguous measure of competitive activity for business customers. Verizon's Declarations listed levels of business E911 listings by carrier and in total for each of the six MSAs for December 2005. For the three largest MSAs, December 2006 data are available. In aggregate, E911 business listings grew by approximately [BEGIN CONFIDENTIAL] [END CONFIDENTIAL] from December 2005 to December 2006.²⁶ During this period and for these MSAs, Verizon business access lines — measured in voice grade equivalents — fell by approximately [BEGIN CONFIDENTIAL] [END CONFIDENTIAL].²⁷

²⁶ December 2006 data is not available for all wirecenters in the Pittsburgh, Providence and Virginia Beach wirecenters.

²⁷ From approximately [BEGIN CONFIDENTIAL] [END CONFIDENTIAL] business access lines in December 2005 to approximately [BEGIN CONFIDENTIAL] [END CONFIDENTIAL] access lines in December 2006 for the Boston, New York and Philadelphia MSAs.

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[BEGIN CONFIDENTIAL]

[END CONFIDENTIAL]

Growth was disproportionately led by the cable companies. Table 4 shows the annual change in business E911 listings served by cable companies in these MSAs during 2005, amounting to approximately [BEGIN HIGHLY CONFIDENTIAL1 [END CONFIDENTIAL]. (BEGIN HIGHLY CONFIDENTIAL]

[END HIGHLY CONFIDENTIAL]

Thus, irrespective of whether business E911 listings overcount or undercount business voice-grade-equivalent access lines, the E911 data show a rapid growth of facilities-based competition for business services, led by increasing activity by cable companies, particularly compared with a significant decline in Verizon business access lines over the same period for the same MSAs.

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3. Regulatory reliance

42. The only criticism of residential E911 listings raised in this case is Mr. Gillan's claims that in several state regulatory proceedings, E911 data attributed residential listings to carriers that allegedly did not provide retail residential service. I address those claims below in detail [see ¶ 44]. The issue appears to be that some carriers provide wholesale services (including switching and submission of E911 listings) to other retail carriers, and the listings are attributed to the entity providing switching rather than the retail carrier. This attribution is accurate — as advertised, it assigns customers to the carrier providing local switching — so the fact that wholesale carriers are listed as providing E911 listings does not cast doubt on the reliability of the E911 database. And, for the purposes of this forbearance investigation, these claims are entirely artificial and unrelated to the suitability of residential E911 data for assessing competition.

43. More recent data shows that facilities-based competitors' supply of residential access lines has grown significantly since the end of 2005, again led by disproportionate growth from cable companies, as voice services are increasingly rolled out throughout their footprints. Verizon's Declarations listed levels of residential E911 listings for cable companies for each of the six MSAs for December 2005. For the three largest MSAs, December 2006 data are available, and, for cable companies, E911 residential listings *grew* by approximately [BEGIN HIGHLY CONFIDENTIAL] [END HIGHLY CONFIDENTIAL] from December 2005 to December 2006.²⁸ During this period and in these MSAs, Verizon residential access lines *fell* by approximately [BEGIN CONFIDENTIAL] [END CONFIDENTIAL].²⁹

²⁸ December 2006 data is not available for all wire centers in the Pittsburgh, Providence and Virginia Beach wire centers.

²⁹ From approximately [BEGIN CONFIDENTIAL] [END CONFIDENTIAL] residential access lines in December 2005 to approximately [BEGIN CONFIDENTIAL] [END CONFIDENTIAL] access lines in December 2006 for the Boston, New York and Philadelphia MSAs.

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[END HIGHLY CONFIDENTIAL]

44. Regulators must make decisions based on the data available, and E911 listing counts may be the only way to capture at least some of the competitive loss to intermodal providers, some of which may not subject to regulatory authority. One of the sources of discrepancies between E911 listings and the FCC's count of facilities-based residential access lines is the fact that the E911 listings may include some over-the-top and cable VoIP subscribers, while the FCC's Local Competition data may not.³⁰ Of course, any apparent discrepancy between the E911 listings and CLEC-reported lines could easily be resolved if competitive providers were to reveal their customer and line counts and enter those data into the evidence in this proceeding. The fact that they have chosen not to do so — and to focus instead on attacking Verizon's data — is telling and should be construed against them.

B. State investigations confirm the reliability of E911 listings data

45. Mr. Gillan claims that in several state proceedings, "investigations" "concluded" that E911 listings data overstated "actual line counts provided by the carriers"³¹ and that

³⁰ As discussed in footnote 12, only CLECs are required to file FCC Form 477 that is the basis of the FCC's Local Competition data. Over-the-top VoIP providers do not necessarily have to obtain a CLEC certificate to provide service.

³¹ Gillan Declaration at ¶ 11.

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in each and every instance where the E911 database has been made *available for validation*, the database has been shown to inflate the level of competition.³²

On the contrary, the investigations, conclusions and showings refer exclusively to Mr. Gillan's own testimonies filed in various dockets in Oklahoma, Kansas, Wisconsin and Illinois, not to any studies or conclusions reached by a state regulatory authority or its staff. In fact, these claims were refuted in the dockets in which they were offered, and in no cases were Mr. Gillan's conclusions adopted by the regulatory authority. Moreover, Verizon was not the ILEC in any of these service territories.

1. Oklahoma

46. Mr. Gillan claims (at ¶ 11) that the E911 database inflated the count of CLEC access lines in Oklahoma, compared with those reported by his client, Cox. However, in its Final Order, the Commission found the opposite:

Mr. Loehman's direct testimony made use of the Oklahoma E911 data base to estimate the number of access lines served by facilities-based providers such as Cox. Mr. Gillan thereafter testified that the E911 data base does not give accurate estimates of access lines. The easiest way to analyze the accuracy of the E911 data base is to compare its numbers to Cox's actual access lines counts. After the filing of several data requests and arguing with Cox over the answers given, SBC Oklahoma has obtained several statewide numbers from Cox for March 31, 2005. Mr. Loehman's estimate of Cox's residential access lines using the E911 data base was remarkably close to the numbers provided by Cox. Cox has refused to reveal the number of voice grade circuits in its digital lines, but a mix of DSI, DS3 and OCn levels yields a voice-circuit count very close to the number of business access lines shown by the E911 data base.

The total count of Cox's working telephone numbers that indicates that Mr. Loehman's estimate, based on E911 data, may be too low. And a recent article in *The Oklahoman* indicates that Cox serves 450,000 telecommunications customers in Oklahoma, making Mr. Loehman's E911 estimate much too low.³³

³² Gillan Declaration at ¶ 17.

³³ Application of Southwestern Bell Telephone for the Classification of Intrastate Retail Telecommunications Services as Basket 4 Services, Oklahoma Corporation Commission, Cause no. PUD 200500042, Order No. 508813, Final Order (July 28, 2005) at 12-13,

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Based partly on the use of this E911 data, the Commission reclassified SBC Oklahoma's intrastate retail services to Basket 4, permitting pricing flexibility subject to some transitional caps for basic residential service.

2. Kansas

47. Mr. Gillan claims [at ¶ 12] that "the investigation concluded" that E911 business listings systematically inflated (more than doubled) the number of business lines actually served. The investigation and conclusions were Mr. Gillan's, not the Kansas Corporation Commission's. In fact, when the Commission Staff compared SWBT's CLEC line counts (including E911 data for facilities-based carriers) with counts based on Commission data requests to the carriers, the investigation concluded the opposite:

I compared [SWBT Witness] Mr. Sisemore's Exhibit 3 to the market share data collected by Staff and concluded that even excluding the other CLECs identified by Mr. Sisemore that were not identified in SWBT's Advance Notice, Staff's market share data is not too different.

In the three exchanges, Staff's estimated CLEC line shares were lower than SWBT's estimates for residential service but higher than SWBT's in two of the three exchanges. In fact, the two exchanges for which E911 data understated CLEC business access lines (Topeka and Wichita) were precisely those where Mr. Gillan claimed [¶ 13] that E911 data overstated Cox's lines.³⁴ The Commission's decision in this case was based (in part) on this Staff analysis.³⁵

3. Wisconsin

48. Mr. Gillan claims (at ¶ 14) that the E911 database attributed more residential access lines to TDS Metrocom and McLeodUSA than those carriers claimed they provided. While these

³⁴ In the Matter of Southwestern Bell Telephone, L.P.'s Application for Price Deregulation of Certain Residential and Business Telecommunications Services in the Kansas City, Wichita and Topeka, Kansas Metropolitan Exchanges Pursuant to K.S.A. 66-2005(Q), (Docket No. 05-SWBT-997-PDR, ("Kansas Deregulation Application")) Direct Testimony of Christine Aarnes of Kansas Corporation Commission Staff, May 27, 2005, at 51-52.

³⁵ "The Commission finds persuasive the residential and business market share analysis included as an exhibit to the Aarnes testimony, Aarnes Exhibits D and E. Gillan, 30." *Order Granting in Part and Denying in Part Southwestern Bell Telephone, L.P.'s Application for Price Deregulation of Certain Residential and Business Telecommunications Services in the Kansas City, Wichita, and Topeka Metropolitan Exchanges*, June 27, 2005 at ¶ 185.

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discrepancies were not directly resolved in the proceeding, the net effect was *de minimis*. As reported by SBC Witness Loehman:

Mr. Duane Wilson [Wisconsin Staff Witness] presented data that the Commission Staff obtained directly from local exchange service providers in response to Staff data request PSC 2-45. Mr. Wilson presents his results for SBC Wisconsin Rate Group A and B exchanges in Exhibit 4.08 (confidential). Mr. Wilson's data for CLEC residential lines in service by CLECs providing their own switching is nearly equal to the number of lines I estimated using E911 data. There is only a 3% difference for Rate Group A and a 4% difference for Rate Group B between the line counts Mr. Wilson reports from CLEC data provided to him and the line counts I estimate using E911 data.³⁶

Moreover, McLeodUSA provided wholesale services including switching to CLECs, so that the number of customers associated with McLeodUSA in the E911 database could exceed the number of McLeodUSA retail customers reported to the FCC.

4. Illinois

49. In Illinois, Mr. Gillan claimed [at ¶ 15] that non-cable residential access lines were erroneously attributed to backbone network providers or to carriers that only provided business services. On the contrary, several carriers that provide wholesale services made E911 entries on behalf of their carrier customers. The two carriers cited by Mr. Gillan were Global Crossing and Level 3. Global Crossing reported to the Commission Staff that it served no retail residential lines; however, it provided wholesale VoIP service to carriers such as VoX Communications, on whose behalf it made entries into the E911 database, since it provided the switching services.” Similarly, Level 3 reported no retail residential access lines but offered wholesale VoIP services to companies such as 8x8, AOL and Vonage, on whose behalf it entered listings in the E911

³⁶ In re: Petition of SBC Wisconsin for Suspension of Wisconsin Statute §196.196(1) with Regard to Basic Local Exchange Service, (Docket No. 6720-TI-196) Rebuttal Testimony of Jon Loehman, June 2, 2005 at 17.

³⁷ See www.globalcrossing.com/xml/news/2005/june/06_2.xml where Global Crossing announces its deal with VoX Communications, a premier packet communications services provider deploying wholesale, residential and business VoIP services nationwide.

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database.” Thus, an accurate count of CLEC residential access lines in Illinois would have to include the E911 entries made by Global Crossing, Level 3 and other wholesale providers.

50. Mr. Gillan also asserts [at ¶ 16] that the “Illinois proceeding revealed that” the residential line counts attributed to TDS Metrocom and McLeodUSA were based on the assumption that the carriers self-provided 15 percent of their residential loops, a configuration the carriers allegedly do not use. On the contrary, according to SBC Witness Wardin,

The responses provided by TDS and McLeod to Staffs data requests in Docket 06-0028 confirmed that they actually have more residential customers than AT&T Illinois shows them to have as of December 31, 2005 on Schedule WKW-2. TDS Metrocom stated in its response to the ICC data request that it served *** CONFIDENTIAL AND PROPRIETARY *** lines than what AT&T Illinois reported. McLeod reported to Staff that, as of December 31, 2005, it served *** CONFIDENTIAL AND PROPRIETARY *** lines reported by AT&T Illinois. These two examples further demonstrate that AT&T Illinois’ numbers are conservative and may, in fact, underestimate actual CLEC marketshare.³⁹

5. Summary

51. Mr. Gillan claims that investigations in state regulatory proceedings show that E911 data necessarily “inflate the level of competition.” In contrast, these claims have been rebutted by the ILEC in question, and in no case has a Commission decision recognized the accuracy of these assertions

V. Conclusions

52. The E911 database provides an accurate and reliable measure of the number, location and type (residential, business) of E911 listings. Because the relationships among phone numbers, access lines and phones requiring access to emergency services differ across business customers, E911 listings may differ from (be higher or lower than) voice-grade-equivalent access lines. There is unambiguous evidence of rapid *growth* in E911 business listings in 2005, while Venzon business access lines suffered a substantial decline. The same growth pattern holds for

^{3x} See www.level3.com/press/4548.html and www.level3.com/press/5756.html and www.level3.com/press/6396.html.

³⁹ Before the Illinois Commerce Commission, Rebuttal Testimony of W. Karl Wardin, Docket No. 06-0027, March 24, 2006, at 27.

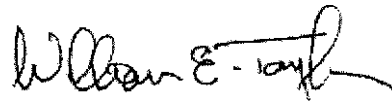
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residential E911 listings, where the link between listings and access lines is more stable across customers. Finally, state and federal regulatory and enforcement authorities have recognized the nature of E911 listings and found them *useful* in assessing *competition*, particularly for *facilities*-based carriers whose data is not held by the ILEC and from which the regulator may be unable to compel the production of competitively sensitive information.

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I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on April 18, 2007

A handwritten signature in black ink, appearing to read "William E. Taylor", written over a horizontal line.

Dr. William E. Taylor
NERA



D

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

| | | |
|---|---|----------------------|
| In the Matter of |) | |
| |) | |
| Petitions of the Verizon Telephone |) | |
| Companies for Forbearance Pursuant to |) | |
| 47 U.S.C. § 160(c) in the |) | WC Docket No. 06-172 |
| Boston, New York, Philadelphia, Pittsburgh, |) | |
| Providence and Virginia Beach |) | |
| Metropolitan Statistical Areas |) | |

**REPLY DECLARATION OF QUINTIN W,
JOHN WIMSATT, AND PATRICK GARZILLO**

I. INTRODUCTION AND SUMMARY

1. My name is Quintin Lew. I submitted a Declaration in this proceeding on September 6, 2006 for each Metropolitan Statistical Area ("MSA") in which Verizon seeks forbearance. My qualifications are set forth in those Declarations

2. My name is John Wimsatt. My business address is One Verizon Way, VC21W423, Basking Ridge, New Jersey 07920. I am Senior Vice President – Product Marketing, and have worked for Verizon or its predecessors for more than 19 years. I am responsible for driving growth in DSL, FiOS TV, and FiOS Internet. My responsibilities also include marketing communications and marketing research. I coordinate marketing strategy and implementation with the Regional Marketing organization and lead the Verizon Enhanced Communities team. In this capacity, I have information and knowledge relating to the sources of data described specifically in paragraphs 27-34, and 50-51 of this Declaration.

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3. My name is Patrick Garzillo. I submitted a Declaration in this proceeding on September 6, 2006 for each MSA in which Verizon seeks forbearance. My qualifications are set forth in those Declarations.

4. The purpose of this Reply Declaration is to provide further evidence that there is extensive facilities-based competition in the New York-Northern New Jersey-Long Island, NY-NJ-PA MSA ("New York MSA"), Boston-Cambridge-Quincy, MA-NH MSA ("Boston MSA"), Philadelphia-Camden-Wilmington, PA-NJ-DE-MD MSA ("Philadelphia MSA"), Pittsburgh, PA MSA ("Pittsburgh MSA"), Providence-New Bedford-Fall River, RI-MA MSA ("Providence MSA"), and the Virginia Beach-Norfolk-Newport News, VA-NC MSA ("Virginia Beach MSA"). We provide an update to the competitive showing for mass-market switched access and enterprise services, including exhibits with wire-center-level detail.

5. Consistent with our opening Declarations, our Reply Declaration and accompanying exhibits contain information collected from publicly available sources and internal Verizon databases. We have identified the sources of all publicly available information on which we rely. We also supervised the collection of data from Verizon's internal databases. Our Reply Declaration and exhibits accurately reflect the data contained in those databases. For purposes of this Declaration, all competitive data that were previously attributed to MCI (such as line counts) have been attributed to Verizon.¹ A summary of the data is set forth below.

¹ Calculations involving declines in access lines over time and the percentage of Verizon lines in wire centers served by competitors do not attribute MCI data to Verizon.

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6. Although our Reply Declaration and accompanying exhibits provide data as of December 2006, updated E911 listings data for certain areas within the Pittsburgh, Providence, and Virginia Beach MSAs were not available.

7. With respect to the Pittsburgh MSA, due to a change in the process by which data are entered into the E911 database in Allegheny County, beginning in September 2005, Verizon no longer has access to complete E911 listings data disaggregated by CLEC for the entire MSA. This Declaration therefore relies on E911 listings data as of September 2005, for Comcast in Allegheny County (the most recent quarter for which Comcast data are available to Verizon in the County), and as of December 2005 for other competitors in Allegheny County. Verizon is still the E911 provider in other parts of the state, so Verizon has E911 listings data for these other parts of the state through December 2006. Between September 2005, and December 2006, Verizon has seen steady growth in competitive E911 listings in the parts of the state where Verizon is still the E911 provider, and there is every reason to believe that the same is true of those areas where Verizon is not the E911 provider. Thus, the E911 listings data used here undoubtedly understate the extent of competition in the Pittsburgh MSA today.

8. With respect to the Providence MSA, because Verizon is no longer the E911 provider for the state of Rhode Island, E911 listings data for the state are available to Verizon only up to December 2005. Verizon is still the E911 provider in other parts of the Providence MSA, so Verizon has E911 listings data for these other parts of the MSA through December 2006. Between December 2005 and December 2006, Verizon has seen steady growth in competitive E911 listings in the parts of the MSA where Verizon is still the E911 provider, and there is every reason to believe that the same is true of those areas where Verizon is not the E911

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provider. Thus, the E911 listings data used here undoubtedly understate the extent of competition in the Providence MSA today.

9. *With respect to the Virginia Beach MSA*, because Verizon is no longer the E911 provider for the City of Virginia Beach, the E911 listings data for the Virginia Beach Public Safety Answering Point ("PSAP") are available to Verizon only up to March 2005. Verizon is still the E911 provider in other parts of Virginia Beach MSA, so Verizon has E911 listings data for these other parts through December 2006. Between March 2005, and December 2006, Verizon has seen steady growth in competitive E911 listings in the parts of the MSA where Verizon is still the E911 provider, and there is every reason to believe that the same is true of those areas where Verizon is not the E911 provider. Thus, the E911 listings data used here undoubtedly understate the extent of competition in the Virginia Beach MSA today.

10. Since we filed our initial Declarations, the number of access lines Verizon serves has continued to decline across all six MSAs. Tables 1 and 2 summarize the declines in residential and business lines that Verizon has experienced since December 2000. Table 3 provides the number of retail switched access lines that Verizon was providing to residential and business customers as of December 2006.²

² Data include lines served by MCI as of the end of December 2006. Verizon access line data cited throughout this declaration are based on voice-grade equivalent lines.

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11. In each of the **six** MSAs, one or more of the major incumbent cable operators continues to serve the vast majority of the homes in the **MSA**. Table 4 summarizes the *percentage of Verizon's wire centers in* which cable *companies* have obtained residential E911 listings as of the end of December 2006. Table 5 summarizes the percentage of Verizon's residential access lines in these wire centers as of this same date.³ Table 6 summarizes the growth in the number of residential E911 listings obtained by cable companies as of the end of December 2005 and December 2006.

****[BEGIN HIGHLY CONFIDENTIAL]

³ These figures are in some cases presented as a range because Verizon's data do not in all cases allow an E911 listing to be associated with a specific wire center. *See* n.9, *infra*.

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12. Competitive wireless services and over-the-top voice services also are available throughout the six MSAs, and there are also traditional CLECs that provide facilities-based switched access service to mass-market customers.

13. When all of the competitive alternatives are taken into account, Verizon's share of mass-market connections in each of the six **MSAs** is below the levels at which the Commission

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previously made findings of non-dominance, even before the advent of internodal competition.⁴ Verizon's share of mass-market connections is approximately **** percent in the New York MSA, approximately **** percent in the Boston MSA, approximately **** percent in the Philadelphia MSA, approximately **** percent in the Pittsburgh MSA, approximately **** percent in the Providence MSA, and approximately **** percent in the Virginia Beach MSA. *See* Figure 1.

14. The market share estimates were calculated as follows: The denominator is the sum of (1) Verizon's retail residential wireline access lines (including MCI), (2) the number of Wholesale Advantage and resale lines Verizon provides to CLECs, (3) the number of competitive listings in the E911 database, (4) the number of over-the-top VoIP subscribers, and (5) the number of wireless subscribers. Verizon's internal data as of December 2006 are the source for the first three items (although E911 data for certain areas within the Pittsburgh, Providence, and Virginia Beach MSAs are limited to 2005). Estimates of over-the-top VoIP subscribers by MSA were calculated by allocating nationwide VoIP subscribers (as reported by Bernstein Research') to individual states based on the number of high-speed lines by state (as

⁴ When the Commission declared AT&T to be non-dominant in the provision of domestic interstate interexchange services, AT&T's market share of such services was estimated to be approximately 60 percent. *See Motion of AT&T Corp. To Be Reclassified as a Non-Dominant Carrier*, Order, 11 FCC Rcd 3271, ¶ 67 (1995). Likewise, AT&T's share of the international message telephone service market was estimated to be sixty percent when AT&T was declared non-dominant in the provision of those services, and AT&T's average market share in 76 select countries was 74 percent, and AT&T faced no competition at all in four countries. *See Motion of AT&T Corp. To Be Declared Non-Dominant for International Service*, Order, 11 FCC Rcd 17963, ¶¶ 40-41 (1996).

⁵ *See* C. Moffett, *et al.*, Bernstein Research, *VoIP: The End of the Beginning* at Exhibit 1 (Apr. 3, 2007) (4Q06 estimate).

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reported in the FCC's *June 2006 High-speed Internet Access Report*⁶). These statewide totals were further disaggregated by county, based on 2006 Census Bureau data, then aggregated to the appropriate MSA. Estimates of wireless subscribers by MSA were calculated by allocating the wireless subscribers in each state (as reported in the FCC's *June 2006 Local Competition Report*⁷) to individual counties based on the Census Bureau's 2006 population data,⁸ and then aggregating county-level data to the appropriate MSA. Wireless subscriber data are as of June 2006. The numerators in this calculation are items 1 and 2-5.

⁶ See Ind. Anal. & Tech. Div., Wireline Competition Bureau, FCC, *High-speed Services for Internet Access: Status As of June 30, 2006* at Table 10 (Jan. 2007).

⁷ See Ind. Anal. & Tech. Div., Wireline Competition Bureau, FCC, *Local Telephone Competition: Status As of June 30, 2006* at Table 14 (Jan. 2007).

⁸ See U.S. Census Bureau, *County Population Dataset*, <http://www.census.gov/popest/counties/files/CO-EST2006-ALLDATA.csv> (2006 estimates).

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15. As we explained in our Declarations, there also is robust competition for enterprise customers in these six MSAs. There is a wide variety of competing providers serving these customers, including cable companies, interexchange carriers, competitive LECs, other incumbent LECs, systems integrators, and equipment vendors. The major cable operators in the six MSAs offer service to business customers, using both their cable networks and fiber networks that they have deployed specifically to serve business customers. Other competitors are using a combination of their own facilities, facilities obtained from third-party providers, and special access obtained from Verizon.

16. As shown in Table 7, based on Verizon's business E911 listings data as of the end of December 2006, competing carriers are serving business customers in **** percent of the wire centers in the six MSAs.⁹ Table 8 shows that these wire centers account for **** percent of Verizon's retail switched business lines in those MSAs. Table 9 shows that the number of business E911 listings that competing carriers have obtained increased from December 2005 to December 2006. Even in the MSAs for which Verizon does not have

⁹ Verizon's data do not in all cases allow an E911 listing to be associated with a specific wire center. The low end of the range is based on the E911 listings that can be directly attributed to a specific wire center (because there is only one wire center associated with the NPA-NXX code for the E911 listing), and therefore represents the minimum number of wire centers (and associated access lines) in which competing carriers are providing service. The high end of the range is derived by applying an allocation methodology to those E911 listings that cannot be directly attributed to a specific wire center (because there is more than one possible wire center associated with the NPA-NXX code for the E911 listing). This methodology proportionally assigns E911 listings to each of the possible wire centers with which the E911 listing can be associated. See Lew/Verses/Garzillo (New York) Decl. fn.6; LewNersesiGarzillo (Boston) Decl. fn.7; Lew/Verses/Garzillo (Philadelphia) Decl. fn.6; Lew/Verses/Garzillo (Pittsburgh) Decl. fn.6; LewNersesiGarzillo (Providence) Decl. h.6; and LewNersesiGarzillo (Virginia Beach) Decl. fn.7.

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complete data (Pittsburgh, Virginia Beach, and Providence), there was growth based on the limited data that Verizon does have. Table 10 shows that competitors are using special access to serve business customers in **** percent of wire centers in the six MSAs. Table 11 shows that these wire centers serve **** percent of Verizon's retail switched business lines in the MSA.

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